

SECURITIES

Washington, D.C. 20549

ANNUAL AUDITED REPORT **FORM X-17A-5** PART III

OMB APPROVAL

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Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

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*Clāims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I,		Ryan Davis	, swear (or affirm) that, to the best of
my	kno	wledge and belief the accompanying financial stateme	
	Bi	son Capital, Inc.	, as
of	Ма	rch 31 , 20 0	4 , are true and correct. I further swear (or affirm) that
nei	ther		ficer or director has any proprietary interest in any account
		ed solely as that of a customer, except as follows:	
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- }		Notary France State of Notice Calabate	Signature
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	V	Notary Public	SHELLEY TROLLIEY Notary Public
		140taly Fublic	State of North Dakota
		port ** contains (check all applicable boxes):	My Commission Expires AUG 18, 2007
図		Facing Page.	
X		Statement of Financial Condition. Statement of Income (Loss).	
$\overline{\mathbf{x}}$		Statement of Changes in Financial Condition.	and the second s
\boxtimes	(e)	Statement of Changes in Stockholders' Equity or Part	
		Statement of Changes in Liabilities Subordinated to C	laims of Creditors.
\mathbf{X}		Computation of Net Capital. Computation for Determination of Reserve Requirements	ents Pursuant to Rule 15c3-3
		Information Relating to the Possession or Control Rec	
\mathbf{x}		A Reconciliation, including appropriate explanation of	of the Computation of Net Capital Under Rule 15c3-3 and the
i		Computation for Determination of the Reserve Requir	
Ш	(k)	A Reconciliation between the audited and unaudited a consolidation.	Statements of Financial Condition with respect to methods of
\boxtimes	(1)	An Oath or Affirmation.	
	(m)	A copy of the SIPC Supplemental Report.	
	(n)	A report describing any material inadequacies found to	exist or found to have existed since the date of the previous audit.

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

BISON CAPITAL, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors **Bison Capital, Inc.** Fargo, North Dakota

We have audited the accompanying statement of financial condition of **Bison Capital**, **Inc.** as of March 31, 2004, and the related statements of operations, stockholders' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of **Bison Capital**, **Inc.** as of March 31, 2003, were audited by other auditors whose report dated May 12, 2003, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Bison Capital**, **Inc.** as of March 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Eil Bailf LLP

Fargo, North Dakota May 27, 2004

BISON CAPITAL, INC. STATEMENTS OF FINANCIAL CONDITION MARCH 31, 2004 AND 2003

		2004		2003
ASSETS				
CURRENT ASSETS				
Cash	\$	17,091	\$	54,948
Commissions receivable		010		4,000
Prepaid expenses		919		1,009
Total current assets		18,010		59,957
FURNITURE AND FIXTURES, at cost,				
less accumulated depreciation of \$1,447 in 2004 and \$1,422 in 2003		12		37
OTHER ASSETS				
Deferred tax asset, net of				
valuation allowance of \$14,900 in 2004				13,000
	c	10 022	¢	72.004
		18,022	\$	72,994
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITY				
Accounts payable		3,150		1,206
STOCKHOLDERS' EQUITY				
Common stock, par value \$1 per share				
Authorized, 100,000 shares				
Issued, 50,000 shares		50,000		50,000
Additional paid-in capital		85,500		85,500
Retained earnings (deficit)		(120,628) 14,872		(63,712)
		14,0/4		71,788
	\$	18,022	\$	72,994

BISON CAPITAL, INC. STATEMENTS OF OPERATIONS AND STOCKHOLDERS' EQUITY YEARS ENDED MARCH 31, 2004 AND 2003

						2004		2003
OPERATIONS								
REVENUE					_			
Commissions					\$	11,143	\$	63,359
Interest						134		287
						11,277		63,646
OPERATING EXPENSES								
Office rent and management fee	es					12,000		7,500
Professional services						4,524		4,798
Fees and licenses						2,126		1,218
Office supplies and miscellaneo	us					558		999
Insurance and bonds						519		523
Travel						178		39
Education and training						170		250
Advertising		•				93		465
Depreciation						25		25
Commissions						-		3,000
						20,193		18,817
INCOME (LOSS) BEFORE INCOM	ME TA	XES				(8,916)		44,829
INCOME TAXES						13,000		9,800
NET INCOME (LOSS)					\$	(21,916)	\$	35,029
STOCKHOLDERS' EQUITY								
			A	dditional		Retained		
		Common		Paid-in		Earnings		
		Stock		Capital		(Deficit)		Total
BALANCE, MARCH 31, 2002	\$	50,000	\$	82,500	\$	(98,741)	\$	33,759
Contributions	•	-		3,000	•	-	*	3,000
Net income						35,029		35,029
DATANICE MADCITUS 2002		SÁ AAA		95 500		(62 712)		71 700
BALANCE, MARCH 31, 2003 Distributions		50,000		85,500		(63,712) (35,000)		71,788 (35,000)
Net loss		-		-		(21,916)		(21,916)
1101 1055						(21,710)		(21,710)
BALANCE, MARCH 31, 2004	\$	50,000	\$	85,500	\$	(120,628)	\$	14,872

BISON CAPITAL, INC. STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2004 AND 2003

	2004		2003	
OPERATING ACTIVITIES				
Net income (loss)	\$	(21,916)	\$	35,029
Adjustments to reconcile change in net income				
(loss) to net cash from operating activities				
Depreciation		25		25
Deferred taxes		13,000		9,800
Changes in assets and liabilities				
Commissions receivable		4,000		(4,000)
Supplies inventory		-		250
Prepaid expenses		90		379
Accounts payable		1,944		270
NET CASH FROM (USED FOR) OPERATING ACTIVITIES		(2,857)		41,753
FINANCING ACTIVITY				
Capital contributions (distributions)		(35,000)		3,000
NET CHANGE IN CASH		(37,857)		44,753
CASH AT BEGINNING OF YEAR		54,948		10,195
CASH AT END OF YEAR	\$	17,091	\$	54,948

BISON CAPITAL, INC. NOTES TO FINANCIAL STATEMENTS MARCH 31, 2004 AND 2003

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Bison Capital, Inc. is a North Dakota corporation operating as a broker/dealer in securities under the Securities Exchange Act of 1934. The Company operates one site in Fargo, North Dakota with representatives in Fargo and Bismarck, North Dakota. The Company's primary source of revenue is providing brokerage services to its customers.

The Company operates under the provisions of Paragraph (k)(2)(I) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(I) provide that the Company carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with the activities as a broker/dealer, does not otherwise hold funds or securities for, or owe money or securities to customers and effectuates all financial transactions between itself and its customers through one or more bank accounts each to be designated as "Special Account for the Exclusive Benefit of Customers."

Security Transactions

Commission revenue and expenses are reflected in these financial statements as of the trade date.

Income Taxes

Accounting policies used for federal and state income tax purposes are consistent with those used for financial reporting purposes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Costs for advertising are expensed as incurred.

Depreciation

Depreciation is computed on an accelerated method using estimated useful lives of five to seven years.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The rule also provides that equity capital may not be withdrawn or dividends paid if the resulting net capital ratio would exceed 10 to 1. As of March 31, 2004 and 2003, the Company's net capital ratio, net capital, and net capital requirements were as follows:

	2004		2003	
Net capital ratio	.23:1		.02:1	
Net capital	\$ 13,941	\$	53,742	
Net capital requirement	\$ 5,000	\$	5,000	

The Securities and Exchange Commission has adopted certain amendments to its Net Capital Rule requiring increased minimum net capital for brokers and dealers in securities. The Company is still subject to a \$5,000 minimum net capital requirement. The Company is also subject to the requirements that if aggregate indebtedness multiplied by 6-2/3 percent is higher, the minimum net capital would be increased to the higher amount.

NOTE 3 - RESERVE REQUIREMENTS

The Company is exempt from Securities and Exchanges Commission Rule 15c3-3 under section (k)(2)(A) and, therefore, is not required to make the periodic computation for determination of reserve requirements and information relating to the possession and control requirements under Rule 15c3-3.

NOTE 4 - INCOME TAXES

	2004		2003		
Deferred tax asset, beginning of year Current year benefit (provision)	\$	13,000 1,900	\$	22,800 (9,800)	
Deferred tax asset, end of year Less valuation allowance		14,900 (14,900)		13,000	
Deferred tax asset, net of allowance	\$	-	\$	13,000	

On March 31, 2004 and 2003, a deferred tax asset of \$14,900 and \$13,000, respectively, has been recorded based on the net operating loss carryover being utilized over a fifteen-year period beginning March 31, 1995. Due to the pending sale of the Company, a deferred tax asset valuation allowance of \$14,900 was recorded in 2004 as the tax loss carryovers are not expected to be utilized before they begin to expire in 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RELATED PARTY TRANSACTIONS

During 2004 and 2003, the Company incurred rent and management fee expense of \$12,000 and \$7,500, respectively, to Dakota REIT Management, Inc. a corporation which is owned by George Gaukler, a vice president of the Company. At March 31, 2004, the Company owed \$3,000 to Dakota REIT Management, Inc. for payment of rent and management fees. This amount is included in accounts payable at March 31, 2004.

The Company received sales commissions totaling \$10,680 and \$44,610 in 2004 and 2003, respectively, from Dakota Real Estate Investment Trust, an entity in which George Gaukler is on the Board of Trustees.

The Company received sales commissions totaling \$14,000 in 2003, from PDA LLLP, an entity in which George Gaukler is the General Partner.

The Company recorded sales commissions receivable totaling \$4,000 in 2003, from 32nd Center LLLP, an entity in which George Gaukler is the General Partner. This amount was received by the Company in 2004.

During 2004, the Company made a cash distribution of \$35,000 to the sole shareholder.

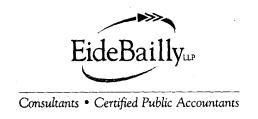
NOTE 6 - SALE OF THE COMPANY

During 2004, George Gaukler, the sole shareholder of the Company, entered into an agreement to sell all of the stock of the Company to a third party pending approval from the appropriate agencies. The sale of the Company stock is expected to be completed in June, 2004.

BISON CAPITAL, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION MARCH 31, 2004

,	Sc	hedule I
NET CAPITAL Total stockholder's equity from the statement of financial condition Deductions	\$	14,872
Nonallowable assets: Prepaid expenses Furniture and fixtures	*******	(919) (12)
Net capital	\$	13,941
COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS Minimum net capital required -	ø	5 000
higher of 6-2/3% times aggregate indebtedness or \$5,000	\$	5,000
Excess net capital	\$	8,941
Excess net capital at 1,000% (Net capital less 10% of total aggregate indebtedness)	\$	13,626
AGGREGATE INDEBTEDNESS Total aggregate indebtedness included in the statement of financial condition	\$	3,150
Ratio of aggregate indebtedness to net capital	******	.23:1
RECONCILIATION WITH COMPANY'S COMPUTATION		
Net capital per Part II of Form X-17A-5, as originally filed Rounding	\$	13,942 (1)
	\$	13,941
Total aggregate indebtedness per Part II of Form X-17A-5, as originally filed Audit adjustments	\$	3,150
	\$	3,150



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

The Board of Directors **Bison Capital, Inc.** Fargo, North Dakota

In planning and performing our audit of the financial statements and supplementary schedule of **Bison Capital**, **Inc.** for the year ended March 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by **Bison Capital**, **Inc.** including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computation of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons; in recordation of differences required by Rule 17a-13; and in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of **Bison Capital, Inc.** is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United State of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that **Bison Capital**, **Inc.'s** practices and procedures were adequate at March 31, 2004, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Fargo, North Dakota May 27, 2004

Eido Bailly Ut